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AMERICAN BANKER

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Exams May Spur An Underclass Of Bank Stocks

By GORDON MATTHEWS

NEW YORK — The stock market's treatment of bank stocks in the past six months has been as ruthless as the behavior of a general who takes no prisoners. But stiffened regulatory examinations may spark a new order in which confidence in some banks replaces fear of the unknown for all.

Many bank analysts who had criticized regulators as part of the problem are coming to view their strong medicine as the tonic needed to improve the deeply negative market psychology beleaguering bank equities.

Some see a distinct two-tier market emerging soon. The stocks of banks that clear the regulatory hurdle with little or no damage, they say, would be set apart from those with management and loan underwriting practices exposed as inferior.

ANALYSIS: *Follow-up on the news*

This division of winners from losers may offer a picture of which institutions will become acquirers and which, targets. Market capitalization and financial strength, rather than interstate barriers, will soon be the biggest factors in the continuing industry consolidation.

Exams' Benefit to Investors

"Painful and overzealous as recent bank examinations may be, their benefit to [the] bank stock investor cannot be overlooked," said Robert Albertson, a banking analyst for Goldman, Sachs & Co. "The net effect is to eventually remove uncertainty in an industry whose low price-to-earnings multiples reflect an opaque mask on credit quality."

"When the smoke settles, those institutions that have come through these exams unscathed should enjoy much greater confidence from investors," agreed Lacy M. Shockley, an analyst for Smith Barney, Harris Upham & Co.

Ms. Shockley said she feels the two-tier market already exists in embryonic form. Shares in the better quality banks are unlikely to drop much further, she said, but the stocks of vulnerable banks could weaken further.

Extraordinary Weakness

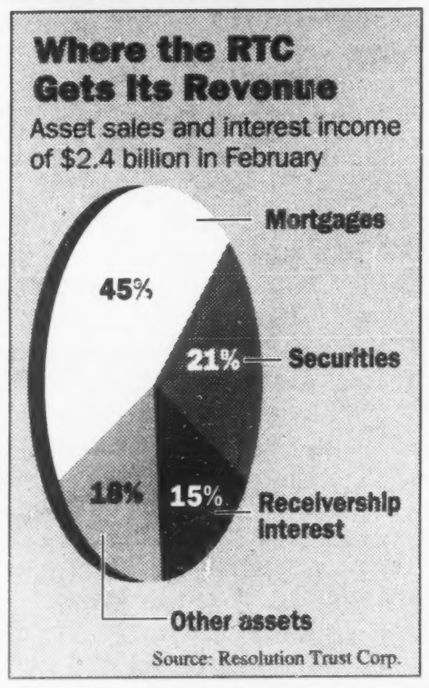
Despite a modest rally last week, bank stocks in general have rarely cost less compared to other stocks.

The index of 24 money-center and regional banks maintained by Keefe, Bruyette & Woods Inc. fell 24% in the fourth quar-

See **EXAMINATIONS** *back page*

INSIDE NEWS

WASHINGTON



THE RESOLUTION Trust Corp. kicks off its 10-city tour in Dallas and Houston this week with conferences on how to do business with the agency. *Page 8*

FINANCE

SMALL BANKS and thrifts got permission a few years ago to buy shares in bond funds. Now they are sitting on hundreds of millions of dollars of paper losses. *Page 24*

INTERNATIONAL

SANWA BANK is expanding its U.S. business in swaps and options that protect against swings in currency and interest rates. *Page 10*

CONSUMER

TEXAS BANKS are picking up the pace of print and electronic advertising in a bid for consumer deposits. *Page 6*

TECHNOLOGY

SWIFT WILL BEGIN recruiting banks to help fine-tune international standards for the electronic exchange of payment orders and trading documents. *Page 3*

OTHER NEWS

BANKERS' GROUPS will push hard for legislation that would limit a lender's liability for environmental cleanup of foreclosed properties. *Page 2*

COMMENT

EMPLOYEES who receive valuable training owe a debt of service, writes Paul S. Nadler. *Page 4*

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A Grammar Of Lending Takes Shape

By YVETTE D. KANTROW

NEW YORK — As loan portfolios come under closer regulatory scrutiny, banks and other financial companies are moving to improve the quality of their credit data by standardizing the way lenders, borrowers, and credit bureaus communicate with each other.

If the effort by a standards-setting committee is successful, consumer and business lenders would adopt uniform terminology and data formats when exchanging information about borrowers. Participants in the project say standardization would make credit decisions faster and easier, reduce administrative costs, and help lenders assess the overall condition of their portfolios.

Smoothing Asset Sales

Another aspect of the project will streamline communications among participants in the asset-sales market. Standard communications between issuers and investors in asset-backed securities could reduce the cost of participating in that burgeoning market.

"There are some formats [for credit transactions] now, but a lot of the data content has different meanings," said Cindy Fuller, administrator for the financial-industry standards committee coordinating the project. "When the British say boot, they don't mean a shoe," she added. (In Britain, a boot is the trunk of

See **UNIFORM** *back page*

Florida Bankers Rally For Insurance Powers

By YVETTE D. KANTROW

NEW YORK – Buoyed by strong consumer support, the Florida Bankers Association has launched a massive campaign for legislation to allow state banks to sell insurance.

The effort is strongly opposed by Florida's influential insurance lobby. It is being closely watched by bankers nationwide who are locked in similar battles for expanded powers.

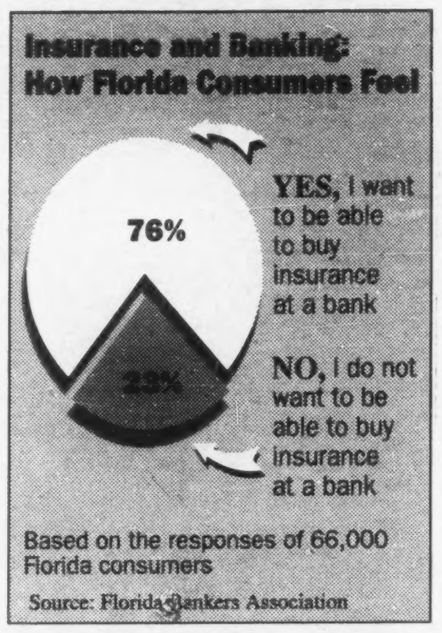
"Florida is definitely in the forefront of states with the strictest insurance laws," said Kevin E. Crowe, chairman of Essex Corp., an independent vendor of insurance products in New York. "If the [Florida] bankers are successful, bankers in other states will take up the same crusade."

The Florida bankers are looking for powers similar to those won by California banks in 1988, when a referendum known as proposition 103 allowed that state's chartered banks to sell insurance.

A battle shaping up in Delaware could also be a key to further expansions of banks into the insurance business. A proposed bill would allow Delaware-chartered banks – inlcuding credit card affiliates of major money-center and regional banks – to underwrite and sell insurance nationwide.

Review of Existing Law

Florida is one of about 15 states that prohibit bank employees from obtaining licenses to sell insurance. But because of a process known as "sunset" review, those laws could expire this year.


Insurance and Banking: How Florida Consumers Feel
76%
YES, I want to be able to buy insurance at a bank
23%
NO, I do not want to be able to buy insurance at a bank
Based on the responses of 66,000 Florida consumers
Source: Florida Bankers Association

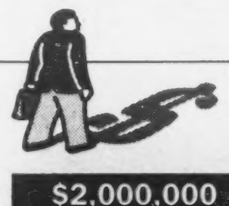
Under sunset review, Florida lawmakers are periodically required to review the state's business regulations, ensuring that they are still necessary and that they serve the public interest. If Florida's insurance laws are not rewritten or reenacted during this legislative session – which runs from the first week in April to the first week in June – they will "sunset" or die on Oct. 1.

Annuities Make Wish List

Lewis Carr, a senior vice president in charge of state government relations for the Florida Bankers Association, said it is unlikely that the code prohibiting banks from selling insurance will be totally repealed.

Instead, the state bankers are lobbying for a compromise bill that would increase the number

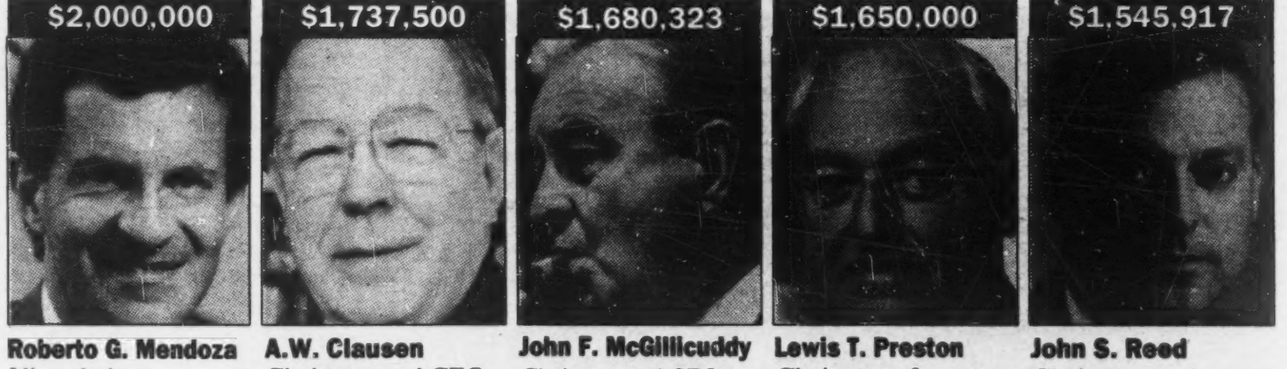
See **FLORIDA** *page* **12**



The 10 Highest-Paid Banking Executives

1989 compensation

See story on page 14



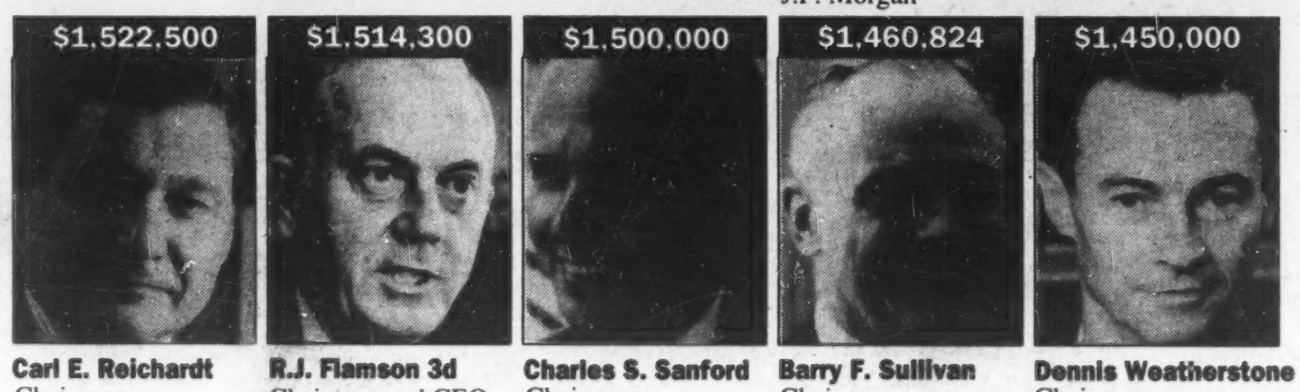
$2,000,000 — **Roberto G. Mendoza**, Vice chairman, J.P. Morgan

$1,737,500 — **A.W. Clausen**, Chairman and CEO, BankAmerica

$1,680,323 — **John F. McGillicuddy**, Chairman and CEO, Manufacturers Hanover

$1,650,000 — **Lewis T. Preston**, Chairman of executive committee, J.P. Morgan

$1,545,917 — **John S. Reed**, Chairman, Citicorp



$1,522,500 — **Carl E. Reichardt**, Chairman, Wells Fargo

$1,514,300 — **R.J. Flamson 3d**, Chairman and CEO, Security Pacific

$1,500,000 — **Charles S. Sanford**, Chairman, Bankers Trust

$1,460,824 — **Barry F. Sullivan**, Chairman, First Chicago

$1,450,000 — **Dennis Weatherstone**, Chairman, J.P. Morgan

COMMENT / *By Paul Nadler*

Ethics Questions Are Raised When a Star Trainee Defects

"I was cheated," the human resources director at the bank complained when he learned that Gridley (name changed to protect the guilty) had resigned to take a job at another bank – at a much higher salary.

Why the fuss, since people move on every day? Gridley was different.

He had come to the bank as an uneducated 17-year-old from an immigrant family. The bank had trained him and paid for his college education. Staff had spent countless hours teaching him how to do his job.

In many cases it would have been easier for the human resources professionals to do a job themselves than to bring Gridley up to snuff. But they did it.

Free Enterprise at Work

Now, Gridley was a college graduate, a full member of the team who could pull his own oar. Two months later, he quit.

"That's what free enterprise is all about," some observers would say. Gridley had found a better opportunity.

But doesn't Gridley owe something to the bank for all the time and money it spent to make him into a valuable employee? Shouldn't his sense of obligation outweigh a salary differential – at least for a while?

Other industries have learned to spell out the obligations of employees they pay to educate. I remember when American Airlines made pilot trainees sign an agreement to stay a set number of years after completing the program – or else repay the high cost of their education.

Spelling Out the Terms

Many MBAs whose employers pay for their degrees have to sign similar agreements to stay on a certain amount of time after graduation. Similarly, the U.S. service academies require a set number of years of military service after graduation.

Why can't a banking company require the same loyalty? Is this indentured service? Is it unconstitutional? Those are tough questions. Look at the issue from the viewpoint of the human resources manager.

"I'll never again take a chance on training an immigrant," he responds. "I'll let someone else teach him how to speak and act and function in our society. Then I'll hire him and save the tremendous cost of the training we gave Gridley."

The human resources manager is really saying: "Let the schools do it." But the American educational system in the 1990s clearly can't do it. Our schools are failing in many areas.

'Other industries have learned to spell out the obligations of employees they pay to educate.'

As one insurance company executive put it: "We have to use college graduates in our cities in the East to do what we can do with high school graduates in the smaller cities of the Midwest."

I recently visited a major New York bank where the officers had proudly promised I would see state-of-the-art technology in customer service.

I came in expecting to see something that would knock my socks off. Instead, I was sadly underwhelmed. The machines could only give the platform people rates on bank services, rates on the competitors' services, and other simple information. I thought any platform officer could have have dug this material out of a leaflet in a matter of seconds.

"What's so great about this?" I asked. By using these machines with their central files, I was told, the platform banker could obtain information the customer would want without needing to know how to read a manual or perform simple calculations.

Here was the "no brainer" approach to being a contact banker. With New York's educational problems, I began to understand why this bank was so proud of its technological accomplishments.

It may seem cruel to force people like Gridley to stay a few years after being trained – especially if other employers are willing to pay more for his service.

But if Gridley does not owe something to the bank that trained him, no bank will take the risk of hiring an uneducated Gridley in the first place any more. That would dash all our hopes that businesses can help solve this nation's learning problems.

Given this choice, the lesser evil might be to force those who are trained by banks and others to stay until they have paid back their training costs – along the lines of an educational loan. Otherwise, we will be forced to turn away those whom our educational system has already disappointed or failed. □

Mr. Nadler is professor of finance at Rutgers University's Graduate School of Management.

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"SOUND OFF"

A shareholder of First Chicago Corp. sued the company last week, alleging that the parent company of First National Bank of Chicago had failed to disclose "adverse material information." First Chicago issued a press release on March 29 projecting a 50% decline in first-quarter earnings from a year earlier and a rise of $150 million to $160 million in its loan-loss provision. But the company had already indicated to some analysts, more than a week earlier, that its nonperforming assets would be higher than expected. Joseph L. McCarthy of the *American Banker* features staff asked:

Q What kinds of information should a company be obligated to release to the public, and when?

■ Thomas P. Vartanian
Attorney
Fried, Frank, Harris, Shriver & Jacobson

A company is obligated to disclose all material information. But what, exactly, constitutes materiality has much to do with the timing of a disclosure.

For example, if you had an audit going on, and it was possible that the audit was going to turn up information about bad loans, you might decide to cancel a meeting with analysts – even though the cancellation itself might have an impact on analysts' assessments. Alternatively, you might decide to make a public disclosure about the loans before the planned meeting.

In any case, disclosures should be made so that all parties are equally and fairly advised on the material.

■ Louis M. Thompson
President
National Investor Relations Institute

There are no bright lines of materiality. The baseline used by courts has been that if a piece of information would cause a reasonable investor to buy, sell, or hold stock in a given company, that information is likely to be material.

In 1976, the Securities and Exchange Commission passed the Safe Harbor Provision, in an attempt to prompt companies to forecast their earnings situation and thereby keep Wall Street more accurately informed.

If an analyst calls to try to get a feel for what your earnings will be, and you think he's outside a certain range, you may guide him back into a more realistic range without actually giving him any specifics.

Some people might say: 'Aren't you giving the securities houses an advantage over individual investors?' My answer to that is no. By this process, you keep Wall Street advised, so there are relatively few surprises. That benefits everyone.

What a company cannot do, however, is to selectively disclose material information. Examples of material information might include a merger or acquisition, or an indication of a significant writeoff.

■ Ronald Berenbeim
Senior research associate
Conference Board

Anything an investor relations person says to an analyst should be public information.

Of course, analysts make their money by obtaining information that is not widely circulated. And a good analyst can talk in general terms with a bank and come up with some useful projections.

It is a matter of specificity. If the analyst does a fair amount of independent research and asks questions – such as: 'Real estate is an industrywide problem, and you have a lot of loans on your books. Are you expecting trouble?' – the investor relations person must give some kind of direction. They are taught not to lie and not to cause too much undue alarm.

■ George M. Salem
Banking industry analyst
Prudential-Bache Securities Inc.

Some people define materiality as something that constitutes a certain percentage of a company's earnings, but I think a more commonsense definition is anything that can change a person's mind about buying or selling a stock.

First Chicago claims that because they hadn't quantified the amount of their problem loans, that prevented them from coming out with a press release. If that's the case, they should have taken a two-step approach, first saying that they had a problem but couldn't quantify it, and later quantifying it – instead of letting several analysts come in for a briefing and keeping everyone else in the dark.

I don't want to play lawyer here, but it seems to me that First Chicago erred. Of course, if you carry this thing to an extreme, no company official would be able to say anything to an analyst or a member of the press.

But I think there's a middle ground here. Management should be allowed to put out enough directional clues to allow a good analyst to piece together his own outlook for a company. □

Some See Fed Cutting Rates To Boost Yen

Reuters

NEW YORK — The Federal Reserve has introduced an element of uncertainty into its policy intentions after four months of nearly unquestioned devotion to steady interest rates.

Most economists said they believe the Fed is still on hold, not swaying from an 8¼% federal funds rate target.

But a small group are suggesting the Fed, yielding to political pressure, may be willing to ease rates a bit to help the yen. The Japanese currency has fallen sharply against the dollar during 1990, and this has seriously disrupted the Tokyo markets.

Fed Injects Liquidity

The Fed's unusually heavy injection of liquidity into the banking system in the past week prompted this speculation. Much more liquidity was injected than economists had expected.

Most of the reserves came in the form of an aggressive open market purchase of Treasury bills for delivery the first day of the latest reserve period.

Economists said that, if the Fed was intent on adding reserves to ease rates, now is a good time to camouflage the move. The Fed ordinarily adds permanent reserves to the banking system at this time of year in anticipation of heavy bank withdrawals to pay individual income taxes in mid-April.

Admittedly, said Steve Slifer, an economist at Shearson Lehman Hutton Inc., the theory sounds a bit farfetched.

Historically, the Fed gives a lesser priority to currency targets than to domestic economic considerations. And for the most part, economists believe that the 8¼% fed funds rate adequately addresses the Fed's program of maintaining modest economic growth and not fueling inflation.

$4.9 Billion Question

But Mr. Slifer asked how else can one explain the $4.9 billion in Treasury securities the Fed bought in the open market and from other central banks in the past week.

Proponents of the theory suggested that the Fed is yielding to political pressure to support the yen by making the dollar less attractive.

The yen has fallen nearly 10% against the dollar since Jan. 1.

Firmer Rates Expected

Opponents of the theory said the Fed would never jeopardize the domestic economy in favor of propping up a foreign currency. They suggested the Fed was willing to tolerate a softer funds rate for a day or two last week in anticipation of a firmer rate this week, when tax payments are made.

"The [Treasury] bill pass," said economist Robert DiClemente of Salomon Brothers, "was basically to accommodate larger seasonal demands for currency in circulation and deposit flows that come around tax time." □

THE HIGHEST-PAID BANKING EXECUTIVES

Regional Bankers Winning a Share of the Gold

By L. MICHAEL CACACE

NEW YORK — Regional and superregional banks have been gaining on money-centers in recent years, and the salaries they pay their top executives are starting to reflect this trend.

Last year, 42 bankers were paid $1 million or more – and, for the first time, half were from superregionals and regionals. By contrast, in 1988 only 10 of the 35 bankers the "million-dollar club" were not from money-centers.

An *American Banker* review of proxy statements found that a modest decline in executive compensation at money-center banks was more than offset by sharp pay hikes at superregional and regional companies. That resulted in a net increase of seven bankers paid $1 million or more.

A Long-Term Trend

"Executive pay at the superregional and regional banks is improving and reflects the long-term trend of better performance of these banks compared with money-center banks," said J. Lee McCullough, partner of the Hay Group, an international human resources consulting firm.

The highest-paid bank executive last year – and the first ever to be paid more than $2 million – was Roberto G. Mendoza, the 44-year-old vice chairman of J.P. Morgan & Co.

Mr. Mendoza, a new member of the million-dollar club, was the head of Morgan Guaranty Trust Co.'s mergers and acquisitions department in 1989. He earned more than former Morgan chairman Lewis Preston and the current chairman, Dennis Weatherstone.

Big Paychecks Despite Losses

The top executives of First Interstate Bancorp and Manufacturers Hanover Corp. violated the golden rule of business compensation in 1989: they accepted higher pay in a year when their companies reported losses.

First Interstate chairman Joseph Pinola, who plans to retire in June, saw his cash compensation jump 12.4% to $1.06 million, according to the company's proxy statement. First Interstate lost $124.5 million last year.

John F. McGillicuddy, Manufacturers Hanover's chairman, enjoyed a more modest 2.1% increase, earning $1.68 million in a year when his bank reported a $518 million loss. Mr. McGillicuddy received no bonus in 1987 when Hanover made a large addition to reserves against Third World loan losses.

A spokesman for First Interstate would not comment on the boost or on speculation that Mr. Pinola's raise was the executive equivalent of a gold watch for years of service.

"Compensation of executives is determined by the board," said the spokesman.

A spokesman at Manufacturers Hanover would not comment.

Last year, the earnings of many money-center banks were hurt by the the special provisions taken against loans to Third World countries. Five of these banks posted sizable loses, while the earnings of most of the others fell sharply. In general, executive pay at money-center banks reflected this poor performance.

The number of money-center bankers in the million-dollar club fell to 21 last year from 25 in 1988, with eight dropping out of the club and four entering. Of the eight dropouts, three retired. For the 17 money-center executives in the club both years, 12 had declines in their cash pay, and only five registered gains.

The biggest losers last year, if people with million-dollar salaries can be characterized as such, were Willard C. Butcher and Walter V. Shipley.

Mr. Butcher, chairman and chief executive of Chase Manhattan Corp., took a 19.2% hit, as his salary fell from $1.45 million in 1988 to $1.17 million in 1989. Chase lost $665 million last year.

Mr. Shipley, chairman of Chemical Banking Corp., suffered a 19% drop in 1989 compensation, to $1.19 million from $1.38 million in the previous year. The bank lost $482.2 million in 1989.

Two Morgan bankers also had pay cuts. Mr. Preston, who was the highest-paid banker in 1988, earning $1.8 million, had a 8.3% decline in his cash compensation to $1.65 million. He is now the fourth-highest-paid banker. Mr. Weatherstone's cash compensation fell 3.3% to $1.45 million last year, and he fell four notches in the rankings to 10th position.

Executive pay at money-center banks reflected last year's poor earnings.

Good Year for Regionals

The superregional and large regional banks – with some noteworthy exceptions – performed well last year, enabling their executives to enter the million-dollar club. Of the top 25 banks in net income, 22 were superregional and regional banks. The number of superregional bank executives paid $1 million or more jumped to 18 from seven, and for the first time three regional executives joined the club.

The highest-paid bank executive from a superregional bank was the 67-year-old chairman of BankAmerica Corp., A.W. Clausen. Mr. Clausen earned $1.74 million last year, up 15.8% from 1988, to rank as the nation's second-highest-paid banker. Last year, BankAmerica's earnings soared 50% to $820 million, making it the top earner in banking.

The largest gain in pay among the superregional executives was posted by Robert R. Ferguson, the 65-year-old chairman of First Fidelity Bancorp who retired last February. His pay rose 55.6% to $ 1.23 million last year. More than 46% of Mr. Ferguson's pay consisted of bonus, profit sharing, and incentive pay.

Other Survey Findings

• The growth in million-dollar earners has been dramatic. Just eight years ago, Walter B. Wriston, chairman of Citicorp, became the first bank executive to break the million-dollar barrier, earning $1.16 million in 1982. In 1985, membership tripled to include Mr. Preston of Morgan, Mr. Butcher of Chase, and Alfred Brittain 3d of Bankers Trust. In 1986, club membership again tripled to nine money-center executives.

In 1987, the year marked with many large losses stemming from the hefty additions to LDC reserves, club membership rose to 11, including for the first time three executives from supperregional banks. For the third time in four years, membership in the club more than tripled to 35 members in 1988. Last year, another bad earnings year for banks, membership rose 20% to 42.

• Among the 21 money-center executives in the club, six were from Morgan, five from Bankers Trust, and three from Manufacturers Hanover. Included in the Manufacturers Hanover count is Thomas S. Johnson, who was elected president of the bank on Dec. 19.

• Among the 18 superregional executives in the club, three are from Security Pacific, and two each are from BankAmerica, Wells Fargo, and Norwest Corp.

The salary survey is based on the proxy statements of the nation's 50 largest banking companies.

The proxy review tallied salary, bonuses, profit sharing, and other incentive payments. Excluded were stock options, restricted stock, stock appreciation rights, and pension plan payments or accruals.

Proxies only identify the five highest-paid officers. Since the top five officers at J.P. Morgan and Bankers Trust all earned more than $1 million, it is possible that some of their executives are omitted from the list. □

THE HISTORY OF
The Million-Dollar Club
$1 MILLION
1981
Citicorp becomes first bank to break the $1 million barrier in compensation to the top two executives combined.
1982
Citicorp's Walter B. Wriston (left) becomes first bank executive to receive more than $1 million in compensation.
1985
J.P. Morgan becomes first bank to break $2 million dollar barrier in compensation to the top two executives combined.
1987
Wells Fargo's Carl E. Reichardt and Norwest's Lloyd P. Johnson (left) become the first superregional bank executives to break the $1 million barrier.
1989
Morgan's Roberto G. Mendoza becomes first bank executive to receive $2 million in compensation.
1989
Boatmen's Bancshares' Clarence C. Barksdale, Signet Banking Corp.'s Frederick Deane Jr., and KeyCorp.'s Victor J. Riley Jr. become the first regional bank executives to break the $1 million barrier (left to right).
Executives Making More than $1 Million
0 1 1 1 3 9 11 35 42
'81 '82 '83 '84 '85 '86 '87 '88 '89
The Million-Dollar Club's Changing Composition
Regionals
Superregionals
Money-centers
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'86 '87 '88 '89

THE HIGHEST-PAID BANKING EXECUTIVES

The Million-Dollar Club

A listing of commercial bank executives who were paid $1 million or more in 1989

Rank 1989	Rank 1988		Remuneration 1989	Remuneration 1988
1	--	**Roberto G. Mendoza**[1], 44 Vice chairman of J.P. Morgan & Co.	$2,000,000 ...	N.A. ...
2	6	**A.W. Clausen,** 67 Chairman and CEO of BankAmerica Corp.	1,737,500 +15.8	1,500,000 +93.5
3	4	**John F. McGillicuddy,** 59 Chairman and CEO of Manufacturers Hanover Corp. and Manufacturers Hanover Trust Co.	1,680,323[2] + 2.1%	$1,646,306[2] +101.1%
4	1	**Lewis T. Preston**[3], 63 Chairman of executive committee of J.P. Morgan & Co.	1,650,000 - 8.3	1,800,000 +39.6
5	2	**John S. Reed,** 51 Chairman of Citicorp	1,545,917 -14.0	1,798,417 +114.0
6	12	**Carl E. Reichardt,** 58 Chairman of Wells Fargo & Co.	1,522,500 +14.5	1,330,000 +16.6
7	9	**R.J. Flamson 3d,** 60 Chairman and CEO of Security Pacific Corp.	1,514,300 + 5.2	1,439,800[4] +42.7
8	3	**Charles S. Sanford Jr.,** 53 Chairman of Bankers Trust New York Corp.	1,500,000 -14.3	1,750,000 +0.0
9	5	**Barry F. Sullivan,** 59 Chairman of First Chicago Corp.	1,460,824 - 3.5	1,514,368 +72.2
10	6	**Dennis Weatherstone**[5], 59 Chairman of J.P. Morgan & Co.	1,450,000 -3.3	1,500,000 +53.3
11	33	**J. Terrence Murray,** 50 Chairman, CEO, president of Fleet/Norstar Financial Group	1,327,000 +31.9	1,005,769 +21.1
12	--	**Kurt F. Viermetz**[6], 50 Vice chairman of J.P. Morgan & Co.	1,300,000 ...	N.A. ...
13	--	**Clarence C. Barksdale,**[7] 57 Vice chairman of Boatmen's Bancshares, Inc.	1,292,615[4] +50.3	860,243[4] +71.7
14	17	**Lloyd P. Johnson,** 59 Chairman and CEO of Norwest Corp.	1,291,280 +3.9	1,243,026 +9.9
15	--	**Richard M. Rosenberg,**[8] 59 Vice chairman of BankAmerica Corp.	1,250,000 +28.2	975,000 +....
16	21	**Ira Stepanian,** 53 Chairman and CEO of Bank of Boston Corp.	1,247,500 + 6.1	1,176,000[9] +84.9
17	--	**Robert R. Ferguson**[10], 65 Chairman, CEO and president of First Fidelity Bancorp.	1,232,644 +55.6	792,080 - 5.1
18	--	**Frederick Deane, Jr.,** 63 Chairman of Signet Banking Corp.; Signet Bank/Maryland & Signet Bank/Virginia	1,219,726 +49.4	816,399 +75.4
19	24	**Charles T. Fisher 3d,** 60 Chairman and president of NBD Bancorp Inc.	1,210,012 +11.1	1,088,813 +19.1
20	13	**Edward A. Lesser,** 56 Executive vice president of Bankers Trust New York Corp.	1,200,000 - 7.7	1,300,000 +0.0
20	13	**Ralph L. MacDonald Jr.,** 48 Executive vice president of Bankers Trust New York Corp.	1,200,000 - 7.7	1,300,000 +0.0
20	13	**Eugene B. Shanks Jr.,** 43 Executive vice president of Bankers Trust New York Corp.	1,200,000 - 7.7	1,300,000 +0.0
20	13	**George J. Vojta,** 54 Executive vice president of Bankers Trust New York Corp.	1,200,000 - 7.7	1,300,000 +0.0
20	18	**Hugh L. McColl Jr.,** 54 Chairman of NCNB Corp.	1,200,000 +0.0	1,200,000 +184.0
25	8	**Willard C. Butcher,** 63 Chairman and CEO of Chase Manhattan Bank NA	1,178,088 -19.2	1,458,088 +32.2
26	30	**J. Carter Bacot,** 57 Chairman and CEO of Bank of New York Co.	1,165,327[11] +13.2	1,029,235[11] +10.4
27	18	**John F. Ruffle,** 52 Vice chairman of J.P. Morgan & Co.	1,150,000 - 4.2	1,200,000 +51.3
27	22	**Thomas C. Theobald,** 52 Chairman of Continental Bank Corp.	1,150,000 +4.5	1,100,000 +69.2
27	34	**Douglas A. Warner 3d**[12], 43 President of J.P. Morgan & Co.	1,150,000 +15.0	1,000,000 ...
30	--	**Paul Hazen,** 48 President of Wells Fargo & Co.	1,122,502 +18.8	945,000 +13.5
31	--	**Frank V. Cahouet,** 57 Chairman and CEO of Mellon Bank Corp.	1,119,545 +14.8	975,580[4] + 8.4%
32	10	**Walter V. Shipley,** 54 Chairman of Chemical Banking Corp. and President of Chemical Bank	1,119,500 -19.0	1,382,313[4] +87.4
33	--	**Victor J. Riley, Jr.,** 58 President and CEO of KeyCorp	1,100,935 +39.6	788,911 +10.3
34	--	**Thomas H. O'Brien,** 53 Chairman, president & CEO of PNC Financial Corp	1,090,072 +17.8	925,373 +16.7
35	23	**Robert Van Buren,** 64 Chairman and CEO of Midlantic Corp.	1,080,000 - 1.2	1,092,760 +11.8
36	--	**John B. McCoy,** 46 Chairman of Bank One Corp.	1,076,109 + 8.0	996,549 +18.6
37	--	**J.J. Pinola,** 64 Chairman and CEO of First Interstate Bancorp	1,069,040[4] +12.4	950,916[4] +17.6
38	31	**Edward A. Farley**[13], 65 Vice chairman of Manufacturers Hanover Corp. and Manufacturers Hanover Trust Co.	1,039,003[2] + 1.6	1,022,387[2] +148.9
39	27	**George F. Moody,** 59 Chairman of the executive committee of Security Pacific Corp.	1,030,400 - 0.9	1,040,000[4] +41.5
40	--	**Robert H. Smith,** 54 President, CEO, and chairman of Security Pacific National Bank	1,027,900 +14.9	894,800[4] ....
41	--	**Thomas S. Johnson**[14], 49 President of Manufacturers Hanover Corp. and Manufacturers Hanover Trust Co.	1,009,917 + 1.9	990,646 ....
42	--	**Richard M. Kovacevich,** 46 President and COO of Norwest Corp.	1,009,294 + 1.5	994,180 + 2.5
		Dropping out of the club		
--	32	**Richard L. Thomas,** 59 President of First Chicago Corp.	986,590 - 3.1	1,018,153 +64.8
--	26	**Thomas G. Labrecque,** 51 President of Chase Manhattan Bank NA	942,200 -11.7	1,067,600 +33.9
--	28	**Richard S. Braddock,** 48 President, Citicorp	876,583 -15.2	1,033,750 +95.2
--	28	**Lawrence M. Small,** 48 Vice chairman, Citicorp	876,583 -15.2	1,033,750 +95.2
--	34	**John T. Olds**[14], 46 Managing director of J.P. Morgan & Co.	N.A.	1,000,000 ...
..	25	**Hans H. Angermueller,** 65 Vice chairman, Citicorp[15]	Retired	1,085,607 +92.1
--	18	**William L. Brown,** 68 Chairman of Bank of Boston Corp.[15]	Retired	1,200,000[9] +37.3
--	11	**Philip M. Hampton,** 57 Vice chairman of Bankers Trust New York Corp.[15]	Retired	1,350,000 +0.0

Remuneration includes total dollar amount of salary, bonus or incentive payments, profit sharing, and all other remuneration (such as insurance premiums, club membership fees, and tax service fees paid by the corporation for the executive), whether current or deferred, attributable to services rendered in 1989 and 1988, respectively. Percent changes are for remuneration from 1987 to 1988 and from 1988 to 1989. [1]Became vice chairman of the company and of Morgan Guaranty Trust Co. on Jan. 1, 1990. Previously, he was managing director of the bank from Feb. 1989 and executive vice president. [2]Includes dividends on stock received under long-term incentive plan. [3]Was chairman of the board during 1989. [4]Includes remuneration received under long-term incentive plan. [5]Became chairman on Jan. 1, 1990. [6]Became vice chairman on Jan. 1, 1990. Previously, he was treasurer. [7]Retired July 1, 1989. [8]Appointed president of the corporation and Bank America NT&SA on Feb. 5, 1990. [9]Does not include bonus for 1988 but includes bonus for 1987 that was paid in 1988. [10]Retired in Feb. 1990. [11]Also received cash and common stock under long-term incentive plan: $58,391 in 1989 and $326,991 in 1988. [12]Became president of the company and of Morgan Guaranty Trust Co. on Jan. 1, 1990. Previously, he was managing director of the bank from Feb. 1989 and executive vice president. [13]Retired on Dec. 31, 1989. [14]Elected president on Dec. 19, 1989. Remuneration for 1989 consists of $484,917 received as president Chemical Banking Corp.; a $500,000 payment in connection with the commencement of his employment at Manufacturers Hanover; and an estimated $25,000 in salary for the last two weeks of 1989 based on his base annual salary of $650,000 per year. [15]Title in 1988 was executive vice president. [16]Title in 1988. **N.A.**— not available.

Source: Banks' proxy, 10K statements, and American Banker questionnaire.

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NOTE

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